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DOCUMENTS

LOAN NUMBER 8977-TR

Loan Agreement

(Disaster Risk Management in Schools Project)

between

REPUBLIC OF TURKEY

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF TURKEY ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower two hundred sixty-seven million six hundred thousand Euros (EUR 267,600,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.

2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.

2.06. The Payment Dates are January 15 and July 15 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower, through its Ministry of National Education ("MoNE"), declares its commitment to the objectives of the Project. To this end, the Borrower, through MoNE, shall carry out the Project in accordance with the provisions of Article V of the General Conditions, and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following, namely, the Borrower has adopted a Project Operations Manual acceptable to the World Bank.

4.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower's Representative is its Minister of Treasury and Finance.

5.02. For purposes of Section 10.01 of the General Conditions:

(a) the Borrower's address is:

Hazine ve Maliye Bakanligi
Inonu Bulvari No. 36
Emek – Ankara
Republic of Turkey; and

(b) the Borrower's Electronic Address is:

Facsimile:

(90) (312) 204-7366
(90) (312) 204-7367

5.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Telex:	Facsimile:
248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED as of the Signature Date.

REPUBLIC OF TURKEY

By _____

Authorized Representative

Name: K.Çağatay İMİRGİ
Acting Director General

Title: _____

Date: 08 AUG 2019

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By _____

Authorized Representative

Name: Auguste Tano Kouame

Title: Director

Date: 8 August 2019

SCHEDULE 1

Project Description

The objective of the Project is to increase the safety of students, teachers, and staff in selected schools in high-risk seismic zones in Turkey.

The Project consists of the following parts:

Part 1. Improving Seismic Resilience of Schools

(a) *Reconstruction of Schools.*

(i) Reconstruction of selected schools in high seismic risk provinces in the Borrower's territory, using design standards acceptable to the Bank that relate to, *inter alia*, accessibility, flexibility, adaptability, learning, and environmentally friendly materials.

(ii) Provision of modern equipment to complement the learning environment.

(b) *Retrofitting of Schools.* Retrofitting for seismic strengthening of selected schools in high seismic risk provinces in the Borrower's territory.

(c) *Seismic Risk Assessments.* Conducting of additional seismic risk assessments, including development or refinement of technical specifications to be used, land analysis, geotechnical surveys, design and design review, and supervision of construction works.

(d) *Communications.* Carrying out of a communications campaign to publicize to the broader school communities the long-term benefits of said retrofitting and reconstruction activities, and school-based disaster risks.

Part 2. Enhancing Institutional and Technical Capacity for Safer Schools

Provision of technical assistance to enhance the engineering and analytical capacity of the Construction and Real Estate Department ("CRED"), including:

(a) development of additional modules or layers of information for MoNE's geographic information system on hazard information and risk assessment, and prioritization of investment planning;

(b) provision of structural performance analysis of MoNE's school designs before and after retrofitting to determine the added value of planned interventions;

(c) preparation of cost-benefit analysis on retrofitting and reconstruction for various school typologies, and analysis of alternative retrofitting methods for specific school designs;

(d) preparation of damage and loss estimation and development of typical recovery and repair designs based on selected scenarios for various school typologies;

(e) improvement of the minimum design criteria for school buildings, and development of standards and regulations to prevent non-structural damages;

(f) carrying out of climate vulnerability assessment to identify risks and adaption measures;

(g) carrying out of research on innovative technologies to improve efficiency of new constructions and retrofits; and

(h) enhancement and further development of CRED's capacity to detect, monitor and address Project implementation requirements, including, *inter alia*, quality assurance, occupational health and safety, and site-level monitoring.

Part 3. Project Management

Provision of goods, consulting services, non-consulting services, and Operating Costs to build capacity and support CRED in carrying out the Project and in Project management, including in the areas of procurement, financial management, disbursement, environmental and social safeguards compliance, and monitoring and evaluation, including data collection, and implementation assessments.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Borrower, through MoNE, shall be responsible for the overall implementation, management, coordination and oversight of the Project, including, *inter alia:*

   (a) providing policy oversight, stewardship and working level coordination with concerned governmental agencies and regional authorities;

   (b) maintaining, within CRED, the Project Implementation Unit ("PIU"), throughout Project implementation, under terms of reference, and with adequate staffing, and with qualifications and functions all acceptable to the Bank; and

   (c) ensuring that the PIU, throughout Project implementation, consistently: (i) applies the requirements and procedures set forth in the Project Operations Manual ("POM"), including the requirements, criteria, policies, procedures and organizational arrangements detailed in the POM; (ii) carries out the procurement process, financial management and preparation of withdrawal applications under the Project; and (iii) monitors and evaluates the progress of Project implementation in accordance with indicators agreed upon with the Bank.

B. Project Operations Manual.

1. The Borrower, through MoNE, shall maintain, throughout Project implementation, a POM, acceptable to the Bank, that shall consist of different schedules setting forth rules, methods, guidelines, specific development plans, standard documents and procedures for the carrying out of the Project, including, *inter alia*, provisions on the following:

   (a) the detailed description of all Project activities supported under this Agreement, their sequencing and the prospective timetable and benchmarks in relation thereto;

   (b) the parties responsible for carrying out the respective parts of the Project;

   (c) the detailed qualification and selection criteria and processes, as relevant, for the respective parts of the Project, including specifically the criteria acceptable to the Bank for the selection of schemes under Part 1 of the Project;

   (d) the safeguards instruments and arrangements, including the grievance redress mechanism, for the Project;

   (e) the financial management arrangements for the Project as set forth in a financial management manual portion of the POM;

(f) the coordination arrangements between the relevant parties for the day-to-day execution of the Project; and

(g) Project monitoring, evaluation, reporting, and communications.

2. The Borrower, through MoNE, shall carry out the Project, or cause the Project to be carried out, in accordance with the arrangements, procedures and guidelines set out in the POM, provided, however, that in case of any conflict between the arrangements and procedures set out in the POM and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The POM, or any provision thereof, shall not be assigned, amended, abrogated or waived, or permitted to be assigned, amended, abrogated or waived, without the prior consent of the Bank; the POM may only be amended in consultation with, and after approval of, the Bank. In case of any conflict between the terms of the POM and those of this Agreement, the terms of this Agreement shall prevail.

C. Safeguards.

1. Without limitation to the provisions of Section 5.01 of the General Conditions, the Borrower, through MoNE, shall ensure that:

(a) the Project is carried out in accordance with the provisions of the Environmental and Social Management Framework ("ESMF"), and that the ESMF, or any provision thereof, shall not be assigned, amended, abrogated or waived, without the prior approval of the Bank;

(b) prior to the issuance of the bidding documents for any works contract, prepare and submit to the Bank for its approval (i) the proposed design and site for the works and the Environmental and Social Management Plan ("ESMP") in form and substance satisfactory to the Bank, and (ii) the draft contract for such works to ensure that the provisions of the ESMF and ESMP(s) are adequately included in the related contract;

(c) any contractor carrying out civil works under the Project shall perform such work in accordance with the technical and environmental practices applicable to the Project, as set forth in the ESMF and ESMP(s), and under terms of reference and with qualifications and experience necessary to satisfactorily carry out the design and construction of the Project, and all of which shall be acceptable to the Bank;

(d) any contracts for civil works under the Project include Codes of Conduct in form and substance acceptable to the Bank;

(e) (i) all activities undertaken for the purpose of carrying out the Project comply with environmental standards and guidelines satisfactory to the Bank, as set forth in the ESMF, including the preparation of the relevant ESMP(s), as applicable, (ii) ensure that the selection of any works under the Project is done in accordance with the provisions of the ESMP(s), and (iii) ensure the complete implementation

of the ESMF and ESMP(s), all in a manner acceptable to the Bank, including all necessary measures to minimize and to mitigate any adverse environmental impacts caused by the implementation of the Project;

(f) all sites selected for the carrying out of civil works under the Project shall (i) involve no land acquisition that includes or may result in Involuntary Resettlement, and (ii) be on land plots that (A) are already in the legal possession of the Borrower, and (B) neither involve nor will involve Involuntary Resettlement; and

(g) the Bank is immediately informed of any circumstances that have arisen or that may arise concerning (i) the Borrower's legal possession of a proposed or selected site, or (ii) the possibility of Involuntary Resettlement on a proposed or selected site, recognizing that civil works carried out under such circumstances are not eligible for Bank financing under this Agreement.

2. The Borrower, through MoNE, shall ensure that the terms of reference for any consultancy in respect of any activity under the Project are satisfactory to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the World Bank's Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance.

3. The Borrower, through MoNE, shall:

(a) as soon as reasonably practicable, but no later than five (5) business days after the occurrence of a Significant Event, inform the Bank by any electronic means of the nature of the incident, accident, or circumstance and any effect or impact (whether on-site or off-site) resulting therefrom;

(b) as soon as reasonably practicable, but no later than thirty (30) business days after such Significant Event, provide the Bank with a summary report that includes a description of such Significant Event, and the measures, if any, that the Borrower is taking or plans to take to address such Significant Event and to prevent any future similar event; and

(c) keep the Bank informed of the on-going implementation of the said measures and plans.

Section II. Project Monitoring Reporting and Evaluation

The Borrower, through MoNE, shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Loan Proceeds

A. General.

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in EUR)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, and Operating Costs for the Project	267,600,000	100%
(2) Interest Rate Cap or Interest Rate Collar premium		Amount due pursuant to Section 4.05 (c) of the General Conditions
TOTAL AMOUNT	267,600,000	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed thirteen million three hundred and eighty thousand Euros (EUR 13,380,000) may be made for payments made prior to this date but on or after July 1, 2018, for Eligible Expenditures under Category (1).

2. The Closing Date is December 31, 2024.

SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share").

Level Principal Repayments

Principal Payment Date	Installment Share
On each January 15 and July 15 Beginning January 15, 2025 through July 15, 2029	9.09%
On January 15, 2030	9.10%

APPENDIX

Definitions

1. "Anti-Corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the General Conditions, the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006, and revised in January 2011 and as of July 1, 2016.

2. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

3. "Codes of Conduct" means the codes of conduct referred to in Section 1.C.1 (d) of Schedule 2 to this Agreement, detailing, *inter alia*, measures on environment, health and safety, and preventing and responding to matters of violence (e.g., gender-based, and against minors).

4. "Construction and Real Estate Department" or "CRED" means the Construction and Real Estate Department of the Ministry of National Education, or any legal successor or successors of CRED thereto.

5. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing", dated December 14, 2018.

6. "Environmental and Social Management Framework" or "ESMF" means the Environmental and Social Management Framework prepared by the Borrower and disclosed by the Borrower on its website on April 1, 2019, and in the Bank's website on April 1, 2019, which framework sets forth, *inter alia,* policies and procedures for (a) screening of proposed Project activities, (b) preparation of environmental assessment and environment management plans therefor, (c) consultation and disclosure, and (d) monitoring and reporting during the implementation of the Project, as said framework may be amended from time to time with the prior concurrence of the Bank.

7. "Environmental and Social Management Plan" or "ESMP" means an environmental and social management plan prepared for each relevant province that includes all site-specific information for that province, and that is prepared in accordance with the ESMF and the provisions of Section I.C.1 of Schedule 2 to this Agreement and acceptable to the Bank, and giving details the specific actions, measures and policies designed to facilitate the achievement of the objective of the ESMF.

8. "Involuntary Resettlement" means any direct economic and social impact caused by: (a) the involuntary taking of land resulting in (i) relocation or loss of shelter, (ii) loss of assets or access to assets, and (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of such person.

9. "Ministry of National Education" or "MoNE" means the Borrower's ministry of the same name or any legal successor or successors thereto.

10. "Operating Costs" means necessary and reasonable incremental expenses directly incurred by the PIU in Project implementation, management and monitoring, including office supplies, office rental, publication of procurement notices, vehicle rental, office and equipment maintenance and repair, communication, translation and interpretation services, travel and supervision costs, subscription to publications and databases, publication fees, ownership of intellectual property rights, and other miscellaneous expenses, all within a budget and work plan satisfactory to the World Bank.

11. "Procurement Regulations" means, for purposes of paragraph 85 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017 and August 2018.

12. "Project Implementation Unit" or "PIU" means the Project implementation unit, referred to in Section I.A.1(b) of Schedule 2 to this Agreement, or any successor or successors thereto, acceptable to the Bank.

13. "Project Operations Manual" or "POM" means the operations manual for the Project acceptable to the Bank, referred to in Section I.B of Schedule 2 to this Agreement, as the said manual may be amended from time to time, with the prior written approval of the World Bank, and such term includes any schedules to the POM.

14. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.

15. "Significant Event" means: (a) any significant social, labor, health and safety, security or environmental incident, accident, or circumstance involving the Project, including, without limitation, explosions, spills, and any workplace accidents that result in death, serious or multiple injury, material pollution, or any violent labor unrest or dispute between the Borrower or security forces (assigned to protect the Project) and local communities; or (b) any other event or circumstance having, or which could reasonably be expected to have, a material adverse effect on the implementation or operation of the Project in accordance with the ESMF and ESMPs.

16. "World Bank's Safeguard Policies" means the World Bank's operational policies and procedures set forth in the World Bank's operational manual under Operational Policies and Bank Procedures 4.01, 4.04, 4.09. 4.10, 4.11, 4.12, 4.36, and 4.37, as said manual is published under www.WorldBank.org/opmanual.